Remarks to the Community in Troy

April 5, 1994

Thank you very much. Kerry, you did a terrific job on the tour and just now with the introduction. I do want to say, since a lot of you made comments about the basketball game, if it had come out the other way, I probably would have been in the Montgomery County Hospital as a patient today—[*laughter*]—rather than just someone trying to learn. I want to thank my good friend Bob Jordan for what he said and for his long friendship and support for me. And I thank Congressman Hefner for representing you so well and faithfully, as well as for being fairly restrained last night. [*Laughter*] I brought all my North Carolina staff members and all the people that work at the White House who went to Duke to the game last night. And so in our little box there were more people ''agin'' me than for me—[*laughter*]—but it was a wonderful occasion.

This morning before we came here I met with Kerry and some other folks who are here who helped to talk to me a little bit about some of the medical problems that you face here in this county and in similar places throughout our country. I'd just like to ask them to stand and be recognized, because I want you to know that I was with them before I came here, and a lot of what I have to say responds to what they said: Jim Bernstein, the director of the North Carolina Office of Rural Health and the president-elect of the National Rural Health Care Association; Dr. Hugh Craft is the chief of the pediatrics at Community Hospital in Roanoke, Virginia; Beth Howell, the director of nursing at your local hospital; Dr. Deborah McRoberts, who is one of your local family physicians; the chairman of the board of the Memorial Hospital, Hal Scott, who kind of emceed our event; and Dr. Tom Townsend, who is now at East Tennessee State University and has been a family practitioner for many years. And just by coincidence, his father is probably the dean of pediatric practice in our State. And I looked at him today, and I said, ''I knew a Tom Townsend who was a doctor once,'' and he said, ''He was my father.'' But I didn't organize that. I get accused of bringing Arkansas into everything. I didn't do that. [*Laughter*] I'd also like to thank the people here at this fine school for taking us in, your principal and your superintendent and the Mayor of Troy. And I also know that these benches were constructed especially for this event by Jerry Holders, so I don't know what's going to happen to them, but I want to thank Jerry for making the benches available to us. He did a fine job.

I've been working on the issues that we talked about today and the things that you heard about today from the previous speakers for nearly 20 years now, since I was first elected attorney general of my State in 1983, or—excuse me—in '79 when I served as Governor for the first time. My wife and I started a rural health initiative, trying to connect our children's hospital to all of the rural hospitals in the State and deal with a lot of the issues that you've done so well with here in North Carolina.

In 1990, after years of dealing with the headaches of the Medicaid program as a Governor, I agreed to work with the then-Republican Governor of Delaware, who is now a Congressman from Delaware, on a Governors Association project, trying to figure out what we could do at the State level to deal with some of the terrible problems of health care: the rising costs, the strain on State budgets, the lack of reimbursement, the high infant mortality rates in a lot of rural areas, all the—and the lack of doctors. And after I worked on this for some time, and after I had been involved in this issue for a very long time, I came to the conclusion that a lot of the problems of the American health care system simply could not be addressed in the absence of a national effort to reform the way—primarily the way we finance health care and the way we provide health care professionals in America.

There's so much that's good about our health care system, and that which is good is the best in the world. So the trick is how to fix what's wrong and keep what's right. And that has been the great debate in which we have been engaged.

Over the last year or so, through the First Lady's task force, we have asked for the help of literally thousands and thousands of doctors and nurses and other health care providers and consumer groups to try to give us

some sort of insights into what we should do. But the main point I want to make in the beginning is that my roots are in a county a lot like this one. And I sometimes think in Washington we lose track of the human face of America's problems and America's promise. And I'm deeply grateful to be here today to see both of those things.

First, let me say that rural America has a lot of folks who either don't have health insurance or who have very limited health insurance. There are a lot of small business people, there are a lot of farmers, there are a lot of self-employed people who have enormous difficulty with insurance policies that often have lifetime limits, very high deductibles, big copays, and premiums that go up every year. A lot of citizens I have met around this country have really told me of the decisions that they make on an annual basis about whether they can even afford to insure their family. Seventeen percent of rural America has no health insurance at all. The folks at the hospital today told me that half of all of the emergency room business they do in the hospital are with people who have no insurance, who show up at the emergency room when the care is too late, when it's too expensive, because they didn't have insurance to get it on a regular basis. Twenty-five percent of our farm families have no health insurance in America. We have to do something about this. If you look at where we are, you can see here, at any given time in America our population is roughly 255 million people. At any given time in a year there will be a total of 58 million people every year who don't have health insurance at some time during the year. And on any given day, the figure is somewhere between 37 million and 40 million who don't—go uninsured.

There are 81 million Americans who have preexisting conditions. You heard Bob Jordan talking about someone who lost their job with IBM and had a preexisting condition. Now, people with someone in their family with a preexisting condition normally find themselves in one of three positions. Either they can't get insurance at all, or they're paying a whole lot more for it, or they're in a job where they got insurance before the preexisting condition that they had or their spouse or their child developed, and now they can't ever change their job because if they try to change jobs, they won't be able to get insured at a new job.

That is a huge deal in a country where the average 18-year-old is now going to change work eight times in a lifetime and in which labor mobility is going to be the key to our future economic growth, when big companies are downsizing and small companies are expanding. And we already know it's harder for small companies to get affordable insurance.

Then there are 133 million Americans, or a majority of our people, who have insurance but have lifetime limits on it, which means if they have serious illnesses they could run out of the lifetime limits. I met a family in Florida about 10 days ago that had written a letter to my wife about their problem. They had two sons with rare forms of cancer that apparently had some sort of genetic connection because both their boys had it. They had a daughter that at least to the present time had not developed this kind of cancer. They had a lifetime limit on their policy, and they felt the lifetime limit would run out before the first child was out of the house and eligible to be on Medicaid or something and certainly would clearly run out before the second child would. They had no idea how they were going to get care for their children when that happened.

So we have to decide whether we're going to do something about this. No other advanced country with the kind of national economy as strong as ours has failed to provide for health care security for its people. And there are basically only two ways to do that. You can do what Canada does, which is just to abolish the whole private insurance industry and pay for it with a tax. We do that with the Medicare program today. That's how we finance Medicare; that's how we finance Medicaid. You have low administrative costs, but there are all kinds of cost problems—cost control problems there.

The other thing you can do is to have the mixed system that we have and extend it to everybody. That is, employers can cover their employees; employees can pay part of their health care; employers can pay part of their health care. And then if they are very small businesses with low payrolls, you can provide

a discount for them. But in other words, you just extend the system we have now that we're most comfortable with.

The third thing you can do is to keep on doing what we're doing, just talk about it, say how terrible it is, and figure we're just not smart enough to figure out how to do it. Now, let me just say, if we keep on doing what we're doing, a lot of bad things will happen. More and more hospitals like this one will either—will go under or have to really cut back on what they do. You won't be able—because this hospital doesn't have full reimbursement, it restricts the income that can be paid to the nurses; it restricts whatever incentives you can offer to the doctors. You get fewer doctors, and you get doctors like this doctor who told me she's, on a hard week, worked over 100 hours a week, and in a slow week worked an 80-hour week. Pretty soon the doctors are going to need doctors if you do that.

So I really don't think doing nothing is an option. Every year the number of Americans—we lose about—about 100,000 Americans a month lose their health insurance permanently. So the problem will get worse, not better. There is a perception today, I think, in the Nation's Capital that maybe the problem won't get worse because there's so much managed care, that inflation in medical costs overall has gone down. Well, it has. It always goes down when there's the threat of real health care reform. But for small business people and farmers and a lot of individuals, health insurance has not gone down. It's still going up quite rapidly. And a lot of people are still losing their health insurance.

So we have to deal with the fact that there is plainly a crisis. I think that we ought to make the choice of guaranteed private insurance because, as a practical matter, I don't think we ought to just shut down all the health insurance companies in the country and figure out what all those people are going to do for a living and then figure out how to substitute a tax for a health insurance premium, when most people have health insurance and you could make the health insurance work better for small business people. People in Government and big business today normally have pretty good health insurance systems, and their inflation rates have come down within inflation, the inflation rate generally.

So I think the simplest way is simply to guarantee private health insurance to all Americans. That's what our plan does. It says every American should have health insurance that can never be taken away; that if you work, employers and employees should make a contribution to that health insurance plan. If you don't work, the Government should pay.

Now we're paying anyway. If somebody shows up at this emergency room and gets care when it's too late and too expensive, you're going to pay one way or the other. Either the hospital will have to find a way to pass the costs along to the other payers, or if the hospital can't do it, you pay for it in terms of reduced services, fewer doctors, and terrible financial strain on the hospital.

When everyone is covered, it reduces all this incentive to shift costs, and it provides the funds that you have in medically underserved areas that you need so desperately to hire more doctors and to keep the people that you have. I think that is terribly important.

There's another thing that's important about it, and that is when everybody has health insurance, then you can use more preventive care and you can have more primary care. Almost all of us were raised on that old adage that an ounce of prevention is worth a pound of cure. We ignore that almost entirely in health care.

You have here—the infant mortality rate in this country is well above the statewide average. Why? Because you have a whole lot of pregnant women who only have 7 prenatal visits when they ought to have 12, who have low birth weight babies who have problems. That has to be addressed. Because we do not do enough in this country to do enough primary and preventive work in health care. We have great high-tech medicine. If you're really sick, we do more in medical research than any other country. I don't propose to stop that; in fact, our plan would invest more in it. But where our real shortcoming is, is in primary and preventive care. So I think that is very important.

Now, the second big issue that I think we have to face is this: What kind of system are

we going to have from the point of view of the patients? And should you have or not have a choice of the doctor or a medical plan you buy into? This is a big issue. I don't know how big an issue it is in Montgomery County, but I can tell you now that slightly less than half of the American people who are insured at work have a choice of more than one plan now. More and more employees are being required to buy into whatever plan that the employers decide it's the only one that he or she can afford, and there's less and less choice in these plans of what doctor you visit, what hospital you visit, and what you do. That is a big issue.

So I think that one of the things that I would like to emphasize is the need to have choice: not only insurance that can't be taken away, not only comprehensive benefits, not only no lifetime limits, but under our plan, if it passes the way we have proposed it, people will be able to have a choice every year of at least three different plans. You can join an HMO. You can have a fee-for-service practice—and if you're in a rural area, that may be the only option you have, just to go through the same system that you have now. Or there will be at least one other kind of plan offered, maybe a mix between the two. I think that's very important. Most Americans believe that they should have some say over their own health care. And most Americans believe that the quality of health care will be increased if their choices can be maintained.

And I can tell you that if we do nothing, if we do nothing for a couple of years anyway, people who get their insurance through big businesses and through Government, like I do, will continue to get good health care at reasonable prices. The price of that will be, putting price squeeze on everybody else, which means that teaching hospitals, for example, which are very important in rural areas to support you, will find it harder and harder to get adequate money. And it means that people who are small businesses and people who are self-employed will pay higher and higher premiums.

One of the great raging debates we're having now is in the small business community about whether it will be terrible for small business to have to insure their employees if the small businesses don't do it now. Well, the Director of the Small Business Administration, Erskine Bowles, from North Carolina, is here with me today. He spent 20 years helping to organize small businesses, get them started, help them expand. And he's one of the strongest advocates of our health care program because he knows most small businesses already insure their employees, don't get the insurance that they want, pay higher premiums than they should, and that the small business sector is going to be in worse trouble if we don't do something than if we do. So I think that this whole issue of having more choices is very, very important.

Let me also mention something else. If you're going to have comprehensive benefits and the right to choose your own doctor, then it seems to me we also have to outlaw some insurance practices. Let me just talk about this. Today insurance companies, as you just heard the story, can drop people for nearly any reason whatever. Under our plan, insurance companies couldn't drop coverage or cut benefits, couldn't increase rates just because you've got somebody in your family who's been sick, who's got a preexisting condition, couldn't use lifetime limits, and couldn't charge older people more than younger people just because they get older.

Now, how are we going to do this and not bankrupt the insurance company? The answer is you've got to cover everybody, and you've got to make it possible for insurance companies to make money the way grocery stores do, to make a little money on a lot of people instead of a lot of money on a few people. That's what community rating—you hear this—when you hear all this talk about community rating, you hear all these words that may not mean anything to you, that's all community rating means.

Why do you think people in Government—if you belong to the Federal employees health insurance plan, why do you think we have a good deal? Because there's a whole bunch of us. It's as simple as that. There are just a bunch of us, and we can get a good deal. And we can get a good deal whether we're the President in Washington or whether we are the postmaster in Troy. If you buy into the Federal health insurance plan, there's a lot of us.

So to make it possible for us to cure these insurance abuses and have it really work in a town like Troy or for a small business person or a farm family, you have to be able to put folks in large pools. That's what community rating means. That's all community rating means is you make money—insurance would make money the way grocery stores do. And just the way grocery stores have to allow for a certain amount of broken merchandise or stale bread or people making off with olives or whatever, if you've got a big enough base, then if you get a few people who are real sick you can spread it over the base, and people can still make a living doing it. That's basically what we're trying to do. I want to come back to how this affects rural America in a minute.

One of the programs that does work in the Government, I think, is Medicare. Most people think it works. It's very important that the American people know and that the senior citizens in this county know that our plan preserves Medicare. But it covers two things that are not covered in Medicare now. One is the prescription drug benefit—big problem. A lot of older people wind up going to hospitals because they can't afford to buy medicine that they should take to stay out of the hospital under Medicare. This will save money over the long run. There have been a couple of studies showing that it will. The second thing is, we begin to cover some long-term care coverage through Medicare. Today basically what the Government does is if old folks are real poor, they can get long-term care under Medicaid, and mostly it's institutional care, nursing home care. So we want to support in-home care and other community-based care.

I've already been over this. We want to guarantee the benefits that work. If small businesses have low payrolls and low profit margins and are strapped, we will provide discounts to those small businesses so that they might pay as little as 4 percent of payroll. People say, "Well, I can't even afford that." But if all of the competitors have to pay, you can. I want to point this out. Seventy percent of the small businesses in America today provide some health insurance for their employees, 7 out of 10. Almost 100 percent of the small businesses where jobs are growing in numbers provide health care benefits for their employees.

Health care costs of small business are 35 percent more than they are for big business for the same benefits, 35 percent more, because they're small. Under our plan, you won't ever be at a competitive disadvantage because all of your competitors would also have to provide for health care coverage. You'd be able to get a better deal than you can now. And here's something else that has received almost no notice: Our health care plan folds the health care costs of workers' compensation and automobile insurance health care costs into this. So small businesses that are being killed by workers' compensation costs will have their workers' comp rates go down because the health care portion of it will be covered in the health care plan.

So health care—the small business community of this country will come out a winner in this, not a loser, if we do it. If we don't do it, what will happen is more and more small businesses will lose their health insurance every year, or they'll have higher copays, higher deductibles, and less coverage.

So let me just make one last comment about the rural areas. The biggest problem I heard today here was there are not enough doctors. You've got one doctor for nearly 8,000 people. That's not enough. You need many more. So do most folks in rural America. Why does this happen? Well, doctors make more money in cities, doctors have more support in cities, and frankly, our medical schools are turning out too many specialists and too few general practitioners for the needs of not just people in rural areas but all over the country. What does our plan do about that? Number one, it changes the incentives. The Federal Government spends an enormous amount of money to subsidize the training of doctors, as expensive as it is. We change our subsidy program over time to subsidize more family practitioners and fewer specialists. It's important; we've got to produce more family practitioners. If the doctors aren't there, no incentive will bring them here. Number two, we will dramatically increase the national health service corps, another 7,000 doctors over the next few years, to pay people's way through medical school.

Let them come out here and practice for a couple of years and pay their debts off. Number four, we give a $1,000-a-month tax credit, or a $12,000-a-year income subsidy, to doctors who will go to medically underserved areas for 5 years and a $500-a-month credit to other medical professionals that will go to underserved areas. That will make a huge difference. Number five, we help to hook these doctors up with new medical technology—to the medical centers in urban areas far away, which is very important, and we give certain tax incentives to make it easier for physicians to buy the laboratory and other equipment they need to feel good about their practice in rural areas.

Now, all these things will really help the terrible problems I heard about today. I'll say again, I don't see how your hospital is functioning with doctors where a slow week is an 80-hour week and a fast week is a 110-hour week. There is a limit to how long you can expect your physicians to do that and function at a high level of efficiency. You cannot do it. So we have to change that, and we're going to.

So in summary, we've got a plan that would expand the system we've got: guaranteed private insurance, keep your choice of doctors, provide real insurance reform in a way that will permit the insurance companies to function in our free enterprise economy and still make a profit, preserve Medicare but add a prescription drug benefit and a long-term care benefit, and guarantee these health benefits at work. And finally, there is a very special attention given to the problems of medically underserved areas, which are especially rural America, to get more doctors out there, more nurses out there, and keep the connections that physicians and other health care providers feel they need to folks in the big medical center areas so they can give high-quality care.

Now, we don't have to do any of this, but if we don't, the problems of this hospital are going to keep getting worse. You can organize a local community effort like you are, and it can make a real difference. You can raise money, you can do things, you can get some more doctors in here, and maybe you will escape the trend. But if the number of family practice doctors continues to go down, then somebody in rural America is going to be hurt even if you aren't. If you escape—there are just only so many ways you can cut a pie that gets smaller. And even if you do that, if you keep having people who don't have insurance not come in here for primary and preventive care, showing up when they're real sick at the emergency room and half your emergency room load are people with uncompensated care, it's going to get worse.

So you're doing what you have to do to succeed, but your country is not doing what it should do to help you succeed. And that's what this health care reform issue is all about. And what I want to ask you to do is to take the experience that you have—this is the real world out here, that's what I heard these folks talking about—and support Bill Hefner and support the other Members of the Congress and say what Bill did. This is not a political deal. Everybody gets sick, regardless of their political party. And this country needs a health care system where the financing is as good as the medical care. That's what we need. And if we don't do this we are going to pay a terrible economic and human price. You know this. And what happens is we get up there in Washington, we start going to work on this, and all we ever hear from are lobbyists. Then the real world experience, what really is going on out here in the heartland of America, gets lost in a cloud of hot air.

I'm here today just to ask you to encourage this good Congressman and the other Members of Congress to deal with this issue and to deal with it now and not to fool with it any more. Sixty years ago we had a chance to guarantee health care coverage for all Americans, and we passed it up. Twenty years ago, under President Nixon, he proposed guaranteed private health insurance for all Americans with employers and employees paying their part, and we passed it. And every time we have passed it, we have let the problem get worse, we have put more of a burden on rural America, we've put more of a burden on small business people and farmers, and we have really played havoc with a significant percentage of the American people. We can do better than that. So I'm asking you to take what you know in your

heart, your mind, and your life is the truth and say to the Congress of the United States, ''The time to act is now, and we will support you.''

Thank you very much.

NOTE: The President spoke at 11:38 a.m. at Troy Elementary School. In his remarks, he referred to Bob Jordan, former Lieutenant Governor of North Carolina, and Kerry Anderson, Montgomery Memorial Hospital administrator.

Remarks in a Town Meeting in Charlotte, North Carolina

April 5, 1994

Q. Welcome, Mr. President.

The President. Thank you. I'm hooked up.

Mr. Donovan. Right. We will be getting to our first question for President Clinton, but first he would like to begin with some opening remarks.

Mr. President.

The President. Thank you. Well, first of all, I want to thank you for hosting this town meeting. And I want to thank all of you for participating and all the people in the communities that are hooked into us tonight. I try to do a number of these every year as a way of sort of getting in closer touch with the American people, listening to people directly about their concerns, and making a report.

Last year, in my first year as President, I devoted most of my time to trying to get the economy back in order, to impose some discipline on the Federal budget, and to start investing in growth for the jobs of the 21st century. This year we are working on trying to keep that economic renewal going. Our economy in 14 months has produced 2.3 million private sector jobs. That's more than twice as many as in the previous 4 years. If the budget which I have proposed to Congress passes, we will eliminate another 100 Government programs, cut another 200 and something more, and have 3 years of reduction in the Federal deficit for the first time since Harry Truman was President of the United States. That's a long time. So we're moving in the right direction.

This year we're also trying to improve our political system. We've got a lobby reform law which will restrict lobbying in Washington and increase reporting requirements for lobbyists, which I think is a very good thing.

The Congress just passed and I just signed our major education bill for public education, Goals 2000, which for the first time will set world-class standards of excellence for our public schools and promote all kinds of domestic grassroots reforms, school district by school district, to achieve them.

We are dealing with welfare reform in the Congress. We are dealing with health care reform, and I know a lot of you have questions about that. I visited today in Troy, North Carolina, in a rural hospital and with people in that community, talking about the problems of providing health care in rural America.

And the first item of business—and I will close with this—when the Congress comes back will be to take up the crime bill. I know you just had a special legislative session here in North Carolina. Governor Hunt proposed some legislation. Our crime bill will put another 100,000 police officers on the street, will ban 28 kinds of assault weapons, will have a ''three strikes and you're out'' provision to affect the relatively small number of criminals that commit a large percentage of the truly violent crimes, and will provide some funds to communities to try to give our kids a chance to avoid getting in real trouble: more funds for drug treatment, for recreation, for alternatives to imprisonment for first-time offenders. It's going to be a very busy year in Congress.

What I want you to know is that this work is going on. Sometimes I think maybe out here in the country, because of what comes across the airwaves, you may not know that the work of the people is going on, and that's my first concern. And we're doing everything we can to push an agenda which would make this year, if we can complete it, even more important to the American people and their future than what happened last year.

Mr. Donovan. Mr. President, we will open up our town hall meeting now with questions, and Kim Hindrew is standing by with the first questioner.